

# ATLANTA

# Economic Review

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BUSINESS AND EDUCATION -----

DEAN GEORGE E. MANNERS

COLLEGE OF BUSINESS ADMINISTRATION

ATLANTA DIVISION, UNIVERSITY OF GEORGIA

In the past eleven years the South has felt the stimulating effects of a growing industrialization.

Every business index confirms the fact that the South is expanding proportionately faster than other regions of the nation.

Beyond our national borders, in the arena of ideological and economic conflict, our way of life depends for its survival in our powers of persuasion and demonstration that our business civilization is, in fact, the bearer of higher gifts of the spirit as well as of material things.

In effect then, our business leaders in the South are in tune with the regional and international necessity of viewing the future boldly.

In this stage of our regional development, we realize increasingly that our responsibility to our young people is indeed capable of optimistic fulfillment, despite the tensions and dangers. In fact, our conquest of tensions depends upon our courage in meeting our economic and spiritual opportunities.

In the vanguard of the needs to build the new South is education for business leadership, at all levels.

Such education should be based on the study of American institutions and of the contributions of creative, progressive American enterprise to the world--today and in the future. In addition, specialization required by our economic environment is certainly required.

It is on the foregoing foundations that the staff of the College of Business Administration of the Atlanta Division is building. It is our hope to create, from our own Georgia students, the leaders of this industrial development. At this stage, we in the South must either create this leadership, or face the problem of importing outside leadership.

Under any conditions, our development in this region should, in the minds and hearts of responsible business leaders, create opportunities for our children.

Business development cannot proceed any faster than the development of a sound educational system. From our educational institutions should pour potential leaders and specialists; among our college staffs should be found business consultants available for studies of business problems; at home in the business environment, leaders in their fields of study.

This is our concept of education for business leadership and academic responsibility.

In the past year, the College of Business Administration of the Atlanta Division has succeeded in bringing together a staff which, in numbers of degrees and in breadth of training, is unmatched in the Southeast.

It is our hope to work with our business leaders in developing, in the great business laboratory of metropolitan Atlanta, an outstanding school of business.

We are in a unique position indeed. What we bring to our students today shows up in the progressive ideas tomorrow. Our students do not wait four years to put ideas into effect. Our adult students put these new ideas into effect immediately. Our staff and students are constantly engaged in opportunities NOW.

On this basis, and in furtherance of this dream, we ask the enthusiastic assistance of our business leadership.

SEARS' IMPACT ON THE LOCAL ECONOMY ----- G. G. MAUGHON

"Sears' Folly", jeered competitors in 1926 as General Robert E. Wood's gamble took shape out of an Atlanta swampland. As Sears, Roebuck and Company's mail-order plant on Atlanta's Ponce de Leon Avenue grew, the chortles of the second guessers swelled, and the Sears officials worried a little harder. For here was the first plunge by a mail-order house into the "impoverished" South. Even General Wood's staunchest supporters were convinced that he had called this one wrong.

Twenty-five years later this bold venture had mushroomed to include not only the mail-order plant, which had become Sears' third ranking mail-order house, necessitating similar plants in Memphis and Greensboro, but included also two full-line Sears departments stores in Atlanta, the first Southern city to have two such units.

At the opening of the new Gordon Street store in Atlanta's West End, General Wood had occasion to reminisce on the decision which had proved so fruitful to the South and to Atlanta in wages, taxes, purchases. "What's happened in Atlanta and in the South today simply justifies the faith I placed in this section 25 years ago," said General Wood. The General, a keen student of economics, a man considered the nation's outstanding authority on population trends, finds the "Census Bureau reports very interesting and enlightening."

Sears' success in Atlanta and Georgia bears an enormous influence on the well-being of their citizens. The effect of this influence may be seen in the amount of purchases from Georgia manufacturers and distributors made by Sears. According to Charles H. Kellstadt, vice president in charge of the Southern Territory, Sears in 1950 bought from these Georgia sources merchandise involving over 55 million dollars. This amount made Georgia the fourt-ranking Southern state in dollar volume, ranking close behind North Carolina, Tennessee, and Mississippi, in that order. "A total of

more than 500 different Georgia manufacturing firms and distributors located in 86 cities and towns shared in this expenditure," Mr. Kellstadt added. "We know that locating our sources of supply as close to our sales outlets as possible is an important means of cutting costs of distribution. This decentralization policy has benefitted our company, but more important, it has been a factor in our being able to help the South grow and develop. In addition, it is making it possible for us in the South to work out a balance between agriculture and industry which is a proven formula for a healthy economy," Mr. Kellstadt said.

Another measuring stick of Sears' impact on the local economy is in the employment picture. When the Buckhead store, now under construction is opened in early summer, it will round out the Atlanta Sears Retail Group Operation which now includes the Ponce de Leon Retail, the Gordon Street Store, a pool stock warehouse, and the Marietta, Georgia unit. John I. Hemphill is the Retail Group Manager. The Ponce de Leon store under C. B. Johns, employs 625 persons; the Gordon Street unit, managed by T. D. Mann, requires over 450 employees to operate the store. The Atlanta mail-order plant with J. C. Grabbe as general manager needs 2,625 Sears people to make things tick. The warehouse needs 150 employees to keep stocks rolling. The economic importance of such highly-valued groups of employees might best be seen by examining their activities in the "Savings and Profit-Sharing Pension Fund of Sears, Roebuck and Company Employees." The fund, which started 35 years ago, has a two-fold purpose, according to Mr. Grabbe and Mr. Hemphill. One is to permit employees to share in the company's profits and the other to assist them in creating a financial reserve which will help take care of their needs following their eventual retirement from business. All regular employees are eligible to join the fund after one year with the company.

Employee members of the fund deposit 5 per cent of their salaries up to \$250 maximum deposit into the fund each year. Sears annual contribution into the fund is based on an established percentage of its profits. This sum is credited to employee-members on a length-of-service basis.

The two officials disclosed that by such a system the Atlanta employee group has to its credit in the fund 154,767 shares of Sears stock, plus a cash balance of \$1,622,289.16. Its total investment worth \$9,747,601.76 is based on the year-end value of \$52.50 per share of the Sears stock.

Based on the same stock value at year-end, total current assets of the fund have reached \$349,400,000. Of this amount, only \$55,200,000 represents deposits from the wages and salaries of the 104,104 employee members in the fund. The total holdings of the fund now approximate 23 per cent of the company's stock.

FOREST PRODUCTS OF GEORGIA ----- M. D. DUNLAP

One of the important industries of Georgia which receives little attention by a large part of the citizens of our State (as well as those of other regions) is forestry. We are indebted to an editorial by Mr. Tom Linder, Georgia's Commissioner of Agriculture, in the April 18th Georgia Farmer's Market Bulletin which gives some interesting facts concerning this industry.

Mr. Linder reminds us of the importance of forest products to the people of Georgia in her past, in this manner. "It was the trees from the forests that enabled the pioneers to build their homes from hewn logs years before the sawmill was invented.

In later years, sawmills and other industrial users of raw products began to cut the virgin timber thereby building an industrial development.

Much of our natural inheritance was wasted during these years as only the choice material was used. This period of devastation lasted until recent years when we finally realized that if we were to have timber resources in the future, certain protections must be provided against destruction by fire and other enemies of the forests; in addition, acreage must be put into production of trees."

The General Assembly created the Georgia Forestry Commission, July 1, 1949, to replace the previously existent Georgia Department of Forestry. A review of the accomplishments of the past two years shows that:

More than 120,000 Georgians are directly employed and many thousands more indirectly employed in forest activities.

In 1949 Georgia produced 1,790,000 cords of pulpwood, and it is estimated that the production since that date will exceed any previous production of the past.

In the production of Naval Stores, Georgia ranks first in the nation. Her Naval Store production is valued at \$29,000,000 annually, and it is 74% of our national production and 50% of the world production.

Seventy per cent of our total land area in Georgia is classed as forest land. It is estimated by our forest authorities that at least two and one-half million acres of Georgia land is unsuitable for agricultural purposes and must be planted to forestry.

The State operates three forest nurseries to meet this need. During the last two seasons, 80,000,000 seedlings were furnished to Georgia farmers. This was sufficient to plant 95,000 acres. The goal for 1951-52 is 50,000,000 seedlings, which will be sufficient to replant approximately 60,000 acres.

The Georgia Bankers Association is making available mechanical tree planting machinery to the various counties in Georgia. The member banks of the respective counties are buying these machines and turning them over to the County Forester and the County Agent to be used by the farmers of the county. More than 200 of these machines have been purchased and are in operation this season.

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